FEDERAL ELECTION COMMISSION

Paul Broun,
Paul Broun Committee, and
Paul Kilgore, in his official
capacity as treasurer

MUR No. <u>65</u>56

2012 AFR 12 FK12: 52

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington ("CREW") and Melanie Sloan bring this complaint before the Federal Election Commission ("FEC") seeking an immediate investigation and enforcement action against Paul Broun, his principal campaign committee, the Paul Broun Committee, and Paul Kilgore, in his official capacity as treasurer, for direct and serious violations of the Federal Election Campaign Act ("FECA").

Complainants

- 1. Complainant CREW is a non-profit corporation, organized under section 501(c)(3) of the Internal Revenue Code. CREW is committed to protecting the right of citizens to be informed about the activities of government officials and to ensuring the integrity of government officials. CREW is dedicated to empowering citizens to have an influential voice in government decisions and in the governmental decision-making process. CREW uses a combination of research, litigation, and advocacy to advance its mission.
- 2. In furtherance of its mission, CREW seeks to expose unethical and illegal conduct of those involved in government. One way CREW does this is by educating citizens regarding the integrity of the electoral process and our system of government. Toward this end, CREW

monitors the campaign finance activities of those who run for federal office and publicizes those who violate federal campaign finance laws. Through its website, press releases and other methods of distribution, CREW also files complaints with the FEC when it discovers violations of the FECA. Publicizing campaign finance violators and filing complaints with the FEC serves CREW's mission of keeping the public informed about individuals and entities that violate campaign finance laws and deterring future violations of campaign finance law.

- 3. In order to assess whether an individual, candidate, political committee or other regulated entity is complying with federal campaign finance iaw, CREW needs the information contained in receipts and disbursements reports that political committees must file pursuant to the FECA, 2 U.S.C. § 434(a)(2); 11 C.F.R. § 104.1. CREW is hindered in its programmatic activity when an individual, candidate, political committee or other regulated entity fails to disclose campaign finance information in reports of receipts and disbursements required by the FECA.
- 4. CREW relies on the FEC's proper administration of the FECA's reporting requirements because the FECA-mandated reports of receipts and disbursements are the only source of information CREW can use to determine if a candidate, political committee or other regulated entity is complying with the FECA. The proper administration of the FECA 's reporting requirements includes mandating that all reports of receipts and disbursements required by the FECA are properly and timely filed with the FEC. CREW is hindered in its programmatic activity when the FEC fails to properly administer the FECA's reporting requirements.
- 5. Complainant Melanie Sloan is the executive director of Citizens for Responsibility and Ethics in Washington, a citizen of the United States and a registered voter and resident of the District of Columbia. As a registered voter, Ms. Sloan is entitled to receive

information contained in reports of receipts and disbursements required by the FECA, 2 U.S.C. § 434(a)(2); 11 C.F.R. § 104.1. Ms. Sloan is harmed when a candidate, political committee or other regulated entity fails to report campaign finance activity as required by the FECA. See <u>FEC v. Akins.</u> 524 U.S. 11, 19 (1998), <u>quoting Buckley v. Valeo.</u> 424 U.S. 1, 66-67 (1976) (political committees must disclose contributors and disbursements to help voters understand who provides which candidates with financial support). Ms. Sloan is further harmed when the FEC fails to properly administer the FECA's reporting requirements, limiting their ability to review campaign finance information.

Respondents

- 6. Paul Broun is the United States Representative for the Tenth Congressional District of Georgia.
- 7. The Paul Broun Committee is the principal campaign committee of Paul Broun.

 Paul Kilgore is the treasurer of the Paul Broun Committee.

Factual Allegations

- 8. On its 2007 Year-End Report, the Paul Broun Committee reported that Paul Broun had made four personal loans totaling \$204,000 to the Committee during calendar year 2007. Paul Broun Committee, 2007 Year-End Report at 108-111 (attached as Exhibit A).
- 9. On its 2008 12-Day Pre-Primary Report, the Paul Broun Committee reported that Paul Broun had made an additional \$100,000 loan to the Committee from his personal funds.

 Paul Broun Committee, 2008 12-Day Pre-Primary Report at 239 (attached as Exhibit B).
- 10. At no time since the Paul Broun Committee was established has the Committee filed a Schedule C-1 disclosing that the true source of the \$304,000 allegedly loaned to the Committee by Paul Broun was, in fact, a bank loan obtained by Paul Broun.

- 11. On March 22, 2012, CREW released its *Family Affair* report on how members of the House of Representatives use their official position to financially benefit themselves and their family members. Based upon the Paul Broun Committee's own FEC reports, *Family Affair* reported that the Paul Broun Committee had paid Paul Broun \$28,756 in interest on the loans that Paul Broun had supposedly made to the Committee from his personal funds. CREW, *Family Affair* at 90 (attached as Exhibit C).
- 12. In response to the Family Affair report, Representative Broun told his hometown newspaper, the Athens Banner-Herald, "that the interest his campaign paid on the loans went to the bank he borrowed the money from." Blake Aued, Report: Broun gained personally from campaign contributions, Athens Banner-Herald (March 22, 2012)(emphasis added)(attached as Exhibit D).

COUNT I

- 13. FEC regulations specifically require that when a candidate obtains a bank loan in connection with the candidate's campaign, the candidate's principal campaign committee must file a Schedule C-1 to the report covering the period when the loan was obtained and disclose the date, amount, and interest rate of the loan, the name and address of the lending institution, and the types and value of collateral or other sources of payment that secure the loan. 11 C.F.R. § 104.3(d)(4).
- Broun Committee, Paul Broun, the Paul Broun Committee, and Paul Kilgore, in his official capacity as treasurer, committed multiple violation of 11 C.F.R. § 104.3(d)(4).

CONCLUSION

WHEREFORE, Citizens for Responsibility and Ethics in Washington and Melanie Sloan request that the Federal Election Commission conduct an investigation into these allegations, declare the respondents to have violated the Federal Election Campaign Act and applicable FEC regulations, and impose sanctions appropriate to these violations and take such further action as may be appropriate, including, but not limited to, conducting an audit of the Paul Broun

Committee.

Melanie Sloan

Executive Director

Citizens for Responsibility and Ethics

in Washington

1400 Eye Street, N.W.

Suite 450

Washington, DC 20005

(202) 408-5565 (phone)

(202) 588-5020 (fax)

Verification

Citizens for Responsibility and Ethics in Washington and Melanie Sloan hereby verify that the statements made in the attached Complaint are, upon information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001.

Melanie Sloan

Sworn to and subscribed before me this 11th day of April, 2012.

Notary Public

Lisa Drew
District of Columbia, Notary Public
My Commission Expires
July 31, 2014

EXHIBIT A

FEC FORM 3

REPORT OF RECEIPTS AND DISBURSEMENTS

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Paul Broun Committee					
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EXHIBIT B

FEC FORM 3

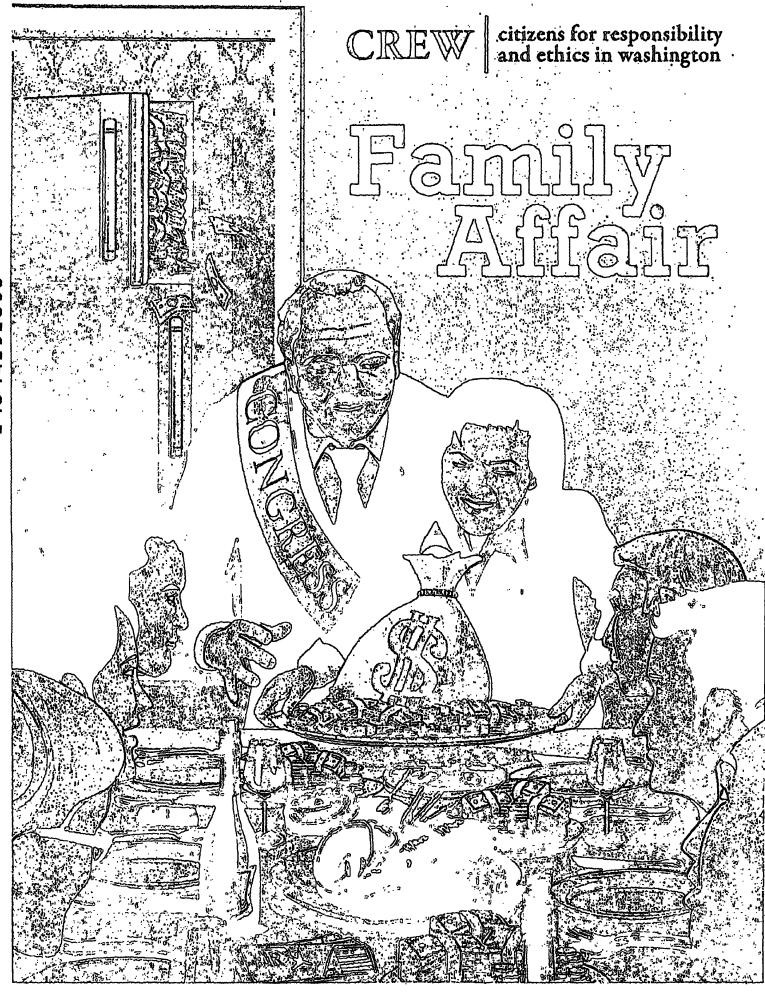
REPORT OF RECEIPTS AND DISBURSEMENTS

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SCHEDULE C (FEC Form 3)		PAGE 239 / 255			
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EXHIBIT C



PAUL C. BROUN (R-GA) is a three-term member of Congress, representing Georgia's 10th congressional district. He is the chairman of the Investigations and Oversight Subcommittee of the House Science, Space, and Technology Committee, the vive chair of the Counterterrorism and Intelligence Subcommittee of the House Homeland Security Committee, as well as a member of the House Natural Resources Committee and the House Republican Policy Committee.

Rep. Broun's campaign committee, the Paul Broun Committee, ³ reimbursed the congressman and his wife. In addition, Rep. Broun charged his campaign committee interest on a loan.

Paul Broun (self):

- Rep. Broun made six separate loans to his campaign, totaling \$309,000, during the 2008 election cycle.⁴ His campaign committee's filings said Rep. Broun would not charge interest.⁵ Nonetheless, during the 2010 election cycle, Rep. Broun's campaign committee paid Rep. Broun \$28,756 in loan interest.⁶
- During the 2008 election cycle, Rep. Broun's campaign committee reimbursed Rep. Broun \$1,625 for travel and other unspecified expenses.
- During the 2010 election cycle, Rep. Broun's campaign committee reimbursed Rep.
 Broun \$167,322 for mileage, dry cleaning, postage, office supplies, meeting expenses, advertising, direct mailings, event expenses, and other unspecified expenses.

Niki Broun (wife):9

• During the 2008 election cycle, Rep. Broun's campaign committee reimbursed Ms. Broun \$626 in travel and postage expenses. 10

http://broun.house.gov/Blography/.

² /d; http://homeland.house.gov/subcommittee-on-counterterrorism-and-intelligence; http://policy.house.gov/about/membership.

http://query.nictusa.com/cgi-bin/fecimg/?C00432955.

Paul Broun Committee, FBC Form 3 2007, April Ouarterly Report, Amended, November 9, 2007; Paul Broun Committee, FBC Form 3, Pre-Special Election Report, Amended, November 9, 2007; Paul Broun Committee, FBC Form 3 20ii7, July Ouarterly Report, Amended, November 9, 2007; Paul Broun Committee, FBC Form 3, Post Runoff Election Report, Amended, November 9, 2007; Paul Broun Committee, FEC Form 3, 12 Day Pre-Primary Election Report, July 3, 2008.

⁶ Paul C. Broun, FEC Form 3. Report of Receipts and Disbursements. 2009 Year-End Report, January 29, 2010; Paul C. Broun, FEC Form 3. Report of Receipts and Disbursements. April 2010 Quarterly Report, April 14, 2010; Paul C. Broun, FEC Form 3. Report of Receipts and Disbursements. 12 Day Pre-Primary Election Report, July 8, 2010; Paul C. Broun, FEC Form 3. Report of Receipts and Disbursements. October 2016 Quarterly Report, October 13, 2010; Paul C. Broun, FEC Form 3. Report on Receipts and Disbursements. 2010 Year End Report. January 31, 2011.

http://www.opensocrets.org/politicians/expendetail.php?gid=N00028986&cycle=2008&name=Brown,%20Pau.
http://www.apansogrets.org/politicians/expendetail.php?gid=N00028986&cycle=2010&name=Brown,%20Paul.

http://broun.house.gov/Biography/.

¹⁰ Paul Broun Committee, PEC Form 3, 2008 October Ouarterly Report, October 15, 2008.

EXHIBIT D



Report: Broun gained personally from campaign contributions

By BLAKE AUED - blake.aued@onlineathens.com

Published Thursday, March 22, 2012 Updated: Thursday, March 22, 2012 - 9:59pm

Almost \$30,000 in campaign contributions wound up in U.S. Rep. Paul Broun's wallet in the form of interest on personal loans he made to his campaign, according to an ethics report released Thursday.

Citizens for Responsibility and Ethics in Washington, a nonpartisan nonprofit, and the watchdog website Open Secrets examined campaign finance records and found that Broun and 247 other congressmen "use their positions to financially benefit themselves or family members."

Broun denied that he personally profited from the loans.

Broun's campaign committee paid the congressman \$28,756 in interest on \$309,000 in personal loans he made to bankroll his underfunded 2007 and 2008 races, even though the committee told the Federal Election Commission the loans were interest-free, CREW reported.

"Most Americans open savings accounts when they want to earn a little Interest on their money," CREW Executive Director Melanie Sloan said. "Rep. Broun raked in nearly \$30,000 in interest on loans he made to his campaign, essentially diverting campaign donations to his own pocket."

Federal law allows campaigns to pay a reasonable commercial interest rate on loans, but the rate paid to Broun was "awfully high," Sloan said.

Broun said that the interest his campaign paid on the loans went to the bank he borrowed the money from.

"I did not get one cent, personally," he said.

Sloan also called reimbursements to Broun for campaign expenses "quite high" compared to other congressmen, and said constituents have no way of knowing if the expenses are legitimate.

The Paul Broun Committee reimbursed him \$167,322 for mileage, dry cleaning, postage, office supplies, advertising, direct mail and other expenses in 2009 and 2010, according to CREW. He was reimbursed \$1,625 and his wife \$626 for similar expenses during the 2008 election cycle.

The 347-page report also names Georgia Democratic Reps. Hank Johnson, Sanford Bishop, John Lewis and David Scott, and Republican Reps. Jack Kingston, Austin Scott and Phil Gingrey.

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CLOSE X